

AMENDED IN ASSEMBLY MARCH 31, 2011

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 875

Introduced by Assembly Member Donnelly

February 17, 2011

An act to ~~amend Section 31461 of~~ *add Section 7514.6 to the* Government Code, relating to ~~county~~ *public employees'* retirement.

LEGISLATIVE COUNSEL'S DIGEST

AB 875, as amended, Donnelly. ~~County retirement.~~ *Public employees' retirement.*

The Public Employees' Retirement Law (PERL) creates the Public Employees' Retirement System, which provides a defined benefit to its members based on age at retirement, service credit, and final compensation. PERL defines "final compensation" for purposes of calculating a member's retirement allowance. The State Teachers' Retirement Law, the Judges' Retirement System II Law, and the County Employees Retirement Law of 1937 also provide for a defined benefit based on age at retirement, service credit, and final compensation.

This bill, for persons first hired on and after January 1, 2012, for the purpose of determining any pension or benefit with respect to a public entity defined benefit retirement system, would prohibit the inclusion of credit for accrued leave of any form or credit for overtime work in the calculation of final compensation, as specified.

~~The County Employees Retirement Law of 1937 sets forth a comprehensive system of retirement benefits for county and district employees. Existing law defines the term "compensation earnable" for purposes of determining required contributions and benefits.~~

~~This bill would make a technical, nonsubstantive change to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 7514.6 is added to the Government Code,
2 to read:

3 7514.6. (a) Notwithstanding any other provision of law, for
4 the purpose of determining any pension or benefit with respect to
5 service with a public entity that has a retirement system that
6 provides a defined benefit for which final compensation is an
7 element, “final compensation” shall not include any compensation
8 for accrued leave of any form or compensation for overtime work.
9 On and after January 1, 2012, the creation of a contractual right
10 to a calculation of final compensation that includes credit for
11 accrued leave or credit for overtime work is prohibited.

12 (b) This section shall apply to a person employed by the public
13 entity for the first time on and after January 1, 2012. If a
14 memorandum of understanding, entered into prior to January 1,
15 2012, would preclude application of this section with regard to
16 particular employment classifications, this section shall not apply
17 to a person to be employed in those classifications governed by
18 the memorandum of understanding, provided that upon expiration
19 of the memorandum of understanding this section shall apply. A
20 renewal or continuation of an existing memorandum of
21 understanding shall be considered a new agreement for purposes
22 of this section and shall not supersede the requirements of
23 subdivision (a).

24 SECTION 1. ~~Section 31461 of the Government Code is~~
25 ~~amended to read:~~

26 31461. ~~“Compensation earnable” by a member means the~~
27 ~~average compensation as determined by the board, for the period~~
28 ~~under consideration upon the basis of the average number of days~~
29 ~~ordinarily worked by persons in the same grade or class of positions~~
30 ~~during the period and at the same rate of pay. The computation for~~
31 ~~any absence shall be based on the compensation of the position~~
32 ~~held by the member at the beginning of the absence. Compensation,~~

- 1 as defined in Section 31460, that has been deferred shall be deemed
- 2 “compensation earnable” when earned, rather than when paid.

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